

CALIFORNIA WORKFORCE INVESTMENT BOARD
December 6, 2001
Oakland

MEETING SUMMARY

On December 6, 2001, the California Workforce Investment Board convened at the Hilton Oakland Airport Hotel, Oakland. The following Board Members were in attendance:

Lawrence Gotlieb, Chair	Kathleen Milnes
Patrick Ainsworth (for Delaine Eastin)	Elvin Moon
Richard Alarcon	Michael Moreno (for Arturo Rodriguez)
Norris Bishton	Victoria Morrow (for Thomas Nussbaum)
Kenneth Burt	Pat Paul
Jerry Butkiewicz	Roland Rapp
Kirsten Deichert (for Dion Aroner)	Jim Rostron (for Grantland Johnson)
Kathleen Densmore (for Art Pulaski)	Ann Savage
Victor Franco	Rona Sherriff (for Wesley Chesbro)
Elizabeth Freeman	Steve Smith/Mary Hernandez
Scott Hauge	Elizabeth Tyler
Kirk Lindsey	Jan Vogel (for Jerome Horton)
Bill Lloyd (for Gov. Gray Davis)	Thomas Zenty
Sean MacNeil (for Patricia Wiggins)	
Richard Mendlen	

Board Staff in Attendance:

Andrew C. Baron, Executive Director
Deb Cusimano
Paul Gussman
David Militzer
Windie Scott

Welcome and Opening Remarks

Board Chair Lawrence Gotlieb welcomed all attendees and noted that the Board would function as a committee of the whole due to the absence of a quorum at this meeting.

Mr. Gotlieb noted that the state of the economy had changed significantly since June, so the focus of this meeting's presentations would be on those changes and how best to prepare for the future.

Mr. Gotlieb announced that the seminar/workshop scheduled for mid-October had been rescheduled for February 10 – 11, 2002, in Palo Alto. The aims of the seminar will be to

develop a better sense of the Board's mission and purpose, to organize effective committees, and to address key issues.

Mr. Gotlieb said discussions are ongoing among legislators, labor representatives, educational agencies, and people in the workforce community about creating a State Labor Department, with the Board included as part of the new agency.

Mr. Gotlieb said the Board staff continues to work on developing a cohesive information technology system for use by local boards and the State Board, and there is considerable opportunity for the State Board to play an important role in helping to manage and share information.

Executive Director Andrew Baron reported on recent meetings and visits to one-stops throughout the state, noting particularly visits to a business high school in Modesto, a thriving Goodwill facility in San Francisco, the Center for Advanced Research and Technology in Clovis, and citing strong links between the One-Stop and community college systems in Santa Maria. He also mentioned attending the Bay Area Partnership Summit, the annual meeting of the California Workforce Association, regional meetings with representatives of other western states, and a conference of youth practitioners. He emphasized the need to bring training and employment services directly to low-income communities.

Mr. Baron reported that the staff is establishing a number of working groups to deal with issues such as technical assistance, certification and redesignation of local areas, farm workers, and veterans. He noted that 288 applications were submitted for projects to be financed by the Governor's 15 Percent Discretionary Fund for a total request of \$257 million; the Board staff is in the process of screening and categorizing the projects.

Mr. Baron said the staff would like to host a Small Business Forum, and a work group is being established to make the arrangements. The Universal Access Work Group has held numerous training sessions on the Americans with Disabilities Act (ADA) and disability etiquette, and has provided technical assistance to one-stops throughout the state. The Assessment and Standards Work Group is working to merge a standardized physical-access and program-access self-assessment tools into a single document.

Mr. Baron said that the State of Minnesota had initiated a program of mobile vans, with computer work stations, resources, and classroom facilities, to bring one-stop services to remote areas. He sent letters to all local areas to determine their level of interest in establishing such a program in California.

Mr. Baron also said that the staff had prepared a binder giving examples of success stories throughout the state, and is taking a fresh look at all systems and processes in an effort to make the workforce training system as user-friendly as possible. He welcomed suggestions from Board members.

Beyond September 11: Adapting to New Realities in Uncertain Times

Michael Brustein provided a summary on national economic trends and their impact on Workforce Investment Act (WIA) funding. He indicated that Congress' failure to agree on an economic stimulus package is an indication that bipartisanship is dead. The airline industry and other sectors affected by the terrorist attacks are seeking relief from the federal government, but that there is still uncertainty as to how Congress will respond. The federal government appears to be taking a more "muscular" role, which is a major change from previous moves to decentralize government functions by giving more power to state and local governments.

Regardless of what action the federal government takes in the coming months, it appears there will not be enough funds to support many new initiatives. The federal Office of Management and Budget is forecasting at least three more years of deficit budgets. Although there was interest before September 11 in canceling the proposed rescission of WIA funding for dislocated workers and adult training, momentum appears to have been lost, and prospects for increased funding in the near future have disappeared.

Mr. Brustein noted that many local boards across the country have already committed all their dislocated worker funds and are unable to cope with the influx of newly laid-off workers. However, there is still a perception among legislators that state and local boards are not obligating their WIA funds in a timely manner. The State Board should work with California's Congressional delegates to impress upon them the fact that California needs more money, not less, for WIA.

Mr. Brustein stated that the General Accounting Office (GAO) recently did a study on what states have done to implement WIA. GAO conducted a series of interviews in five states, including California. They found that most One-Stop programs are not effectively integrating services, and that the nature of state bureaucracies has been counterproductive to integration efforts. GAO found that some program partners view the One-Stops as adversely affecting the quality of services. In addition, data collection continues to be a major problem for many states and locals. GAO also found inconsistencies in definitions between federal and state programs, making WIA integration even more difficult.

In looking at California, the GAO noted that private-sector representation is consistently lacking on both state and local boards. The large size of many boards was cited as an obstacle to effectiveness. California has a significant challenge in integrating its 108 community colleges, a multitude of school districts, vocational rehabilitation centers, and other workforce preparation programs.

Kenneth Burt observed that some laid-off workers may be inclined to take low-paying interim jobs to make ends meet and expressed concern about jeopardizing their eligibility for unemployment and training assistance. Mr. Brustein explained that people who are underemployed or employed in temporary jobs are still eligible for WIA programs.

Mr. Gotlieb asked about effective workforce programs in other large industrial states with multi-ethnic populations. Mr. Brustein cited Michigan and Texas as examples of states that have made head starts in workforce development; both states have developed strong relationships with employers and have marketed their programs effectively.

Jan Vogel observed that in economic downturns, recently hired welfare-to-work employees tend to be the first to be laid off; he asked about the prospects of reauthorization for the welfare-to-work program. Mr. Brustein said Congress' response is uncertain; after five years, it is evident states and local governments do not have sufficient resources to provide safety nets for former welfare recipients.

Norris Bishton asked if WIA mandates a minimum size for state boards. Mr. Brustein responded that the law specifies different constituencies that need to be represented, but the balance can probably be achieved with a minimum of 28 or 29 members, at least half of whom represent the private sector. Mr. Bishton observed that the State Board sometimes has difficulty achieving a quorum, and its large size might be part of the problem.

Kathleen Densmore suggested looking at some of the workforce partnerships developed between unions and various employer groups.

Steve Levy, Director of the Center for the Continuing Study of the California Economy, provided an overview of the economy. He emphasized that the State Board needs to focus on two basic principles: that workforce investment pays, and that universal access or equity needs to be assured for all citizens.

Mr. Levy stated that many economists view the current recession as an unpleasant but mild and relatively short-term economic downturn. In fact, the government has a number of powerful weapons that can be used to help ameliorate the situation, ranging from cuts in interest rates to extending benefits for unemployed workers. Caseloads for local offices are going up, and many dislocated workers are filling community college classrooms now that they have time for training. Although funding increases are unlikely, state and local agencies need to continue their investments in workforce development. In order to address more long-term economic needs, the State Board should strengthen programs for incumbent workers and promote career ladder programs. Cutting budgets as a way of "sharing the pain" should be avoided. It's important to invest wisely now to ensure a healthy economy in the future. Federal block grants to states serve the purpose of helping to supplement state incomes, and that tool should be used as well.

Kirk Lindsey recommended exploring ways to create jobs through entrepreneurialism, expansion of existing job markets, and economic development. Mr. Levy agreed, adding that training is not the answer to the short-term economic downturn, but it assures long-term viability. Meanwhile, a federal stimulus approach in the form of interest rate cuts and income supplementation will address the short-term situation.

Mr. Gotlieb asked for advice on increasing employer participation in workforce development programs. Mr. Brustein suggested investing in marketing and promotion of the One-Stop concept to employers and the community.

Senator Alarcon said he helped draft a bill to extend unemployment insurance benefits retroactively to July 1, 2001, for dislocated workers; he said the extension will help provide immediate income supplements to workers most affected by the recession and will allow them more time to search for the best possible jobs. Mr. Levy agreed that income supplementation was an effective tool in combating recession. He said federal block grants should be provided as temporary income supplementation to state and local governments for the same reason, so that basic services and programs can be maintained.

Senator Alarcon recommended government capital expenditures as another way to stimulate the economy. Mr. Levy said a number of state treasurers and state pension officers will be bringing a capital expenditure program to Congress soon.

Kirsten Deichert asked Mr. Brustein to comment on the nature of the roles played by state boards. She asked whether other boards serve in an advisory capacity or whether they recommend action. Mr. Brustein replied that WIA indicates the board "shall assist the governor." He noted that in some states, state boards speak for the governor and act on his or her behalf. Mr. Brustein emphasized that "to assist" has a more active connotation than "to advise."

Representatives from four local areas provided Board members with an update on activities in their local area.

Mr. Charlie Brown of the Northern Rural Training Employment Consortium (NORTEC) reported that NORTEC represents a nine-county area in the northern part of California, with a population of 580,000. NORTEC has taken the approach that its primary customer is local business. Rather than thinking of employers as placement opportunities, this approach focuses on selecting the best employees from the workforce to match employer needs. This has resulted in NORTEC developing effective programs to train incumbent workers and meet expansion and retention needs.

He stated that NORTEC focuses on two main functions: workforce development and business development. Workforce development activities include identifying employer needs, then recruiting, screening, interviewing, and referring top candidates. NORTEC programs have assisted local entrepreneurs in setting up a successful restaurant and a growing Internet-based alternator refurbishing business. On the business development side, NORTEC sponsors job fairs, employer workshops, and computer training sessions.

Mr. Ray Holland of the San Francisco Private Industry Council (PIC) stated that San Francisco is suffering from the downturn in dot-com businesses that occurred about six months before September 11, and the situation has worsened since then, with traffic in One-Stops almost doubled. The San Francisco PIC has obligated all WIA funds and there

is a growing list of people waiting to receive services. Dislocated workers range from highly-skilled computer workers to unskilled assembly and garment workers with language barriers; these disparities present a major challenge for the One-Stops.

Mr. Holland indicated that we should look at long-term solutions as well. Shortages in nursing and other industries should be addressed so that training resources can be effectively deployed.

Mr. Mike Curran representing the North Valley Job Training Consortium (NOVA) stated that Silicon Valley's economic situation has taken a significant downturn over the past several months. The region has about 620,000 jobs now, compared to about 670,000 last June, and unemployment has risen significantly, from 1 percent to 6 percent. In response, NOVA has stepped up efforts to reach more people each month, with considerable restructuring and reorganization. In addition, NOVA has been emphasizing training in transferable skills and certification areas to enhance workers' employability once the economy recovers.

Mr. Curran mentioned that Silicon Valley has a significant population of non-English speaking workers, and language immersion programs need to be developed to help eliminate this barrier.

Rona Sherriff asked whether people filing unemployment claims are made aware of other services available to them at One-Stop centers. Mr. Curran said most of NOVA's contacts are through employers. He added that Silicon Valley has a highly developed networking system that may not be available elsewhere.

Mr. Holland said the new telephone claim system has advantages and disadvantages; using the telephone is particularly difficult for people with language barriers, so there have to be other means of outreach as well.

Scott Hauge asked how NORTEC created such strong relationships with local businesses. Mr. Brown said NORTEC uses community coordinators to work with local businesses and case managers to work with workers.

Ms. Kathy Patoff from the San Diego Workforce Partnership stated that while unemployment in the San Diego area is about 3.5 percent, the system is experiencing overload. A job fair for displaced hospitality workers was widely publicized in the local media, and monthly customers have increased from about 2,200 to 4,000. The San Diego Workforce Partnership will have used all its funds by the end of January. The State Board needs to help advocate for more federal funding.

Ms. Patoff indicated that California businesses near the border have been particularly affected by the terrorist attacks. Because of tightening immigration policy and increased security, businesses at the border report revenues down about 60 percent.

Jan Vogel reported that the Los Angeles area has seen a 40 percent increase in traffic at its One-Stop centers. He noted that many workers who are not laid off are experiencing cutbacks in hours and days of work. Mr. Vogel said that after the September 11 attacks, a program was initiated to assist people in the hospitality and airline industries using funds set aside for dislocated aerospace workers. He added that such flexibility in funding is a key to effective and rapid response.

Consensus Regarding California State Youth Council Membership

Victor Franco asked for clarification regarding the purpose of the State Youth Council. Mr. Baron explained that the Youth Council would provide leadership for youth development in California through policy guidance, coordination, and youth programs. Mr. Franco recommended recruiting more members from large private-sector employers. Mr. Gotlieb thanked Mr. Franco for his suggestion and asked the staff to identify private-sector representatives from companies with entry-level positions.

There was general consensus approving the proposed State Youth Council membership. Mr. Gotlieb noted the staff would be looking for more private-sector representatives.

Identification of Key Issues for Board Retreat

Mr. Nick Bowman from the Center for Regional Leadership facilitated a discussion related to the upcoming seminar to be held in February.

Mr. Bowman began the discussion by reviewing the key findings from a recent report of the Speaker's Commission on Regionalism. The report highlights the importance of dealing on a regional basis with issues such as the economy, industry clusters, labor markets, support systems, transportation and housing, and natural resources. The report also recommended that the state provide regions with technical assistance and economic data, and that the housing/jobs imbalance be addressed in terms of a long-term solution for California's economy.

The report's other recommendations include: (1) increasing state investment in education and workforce development; (2) elevating worker productivity; (3) creating a cabinet-level labor department; (4) developing workforce investment policy for the entire statewide system, focusing on lifelong learning and advancement training; (5) improving data collection and sharing capabilities; and (6) building on the existing One-Stop center system. Mr. Bowman suggested that the report would be useful for identifying key issues for the Board's consideration at the February seminar.

He indicated that some of the issues raised during the morning session are ones that the Board might want to consider at its retreat, such as economic policy, linking workforce systems, universal applications, career strategies, data collection improvements, linkages to other systems, homeland security, and structural issues.

The following summarizes Board member's comments on potential areas of focus at the retreat:

- Jerry Butkiewicz emphasized the importance of properly educating and training disadvantaged people in California. He encouraged labor and business to work together for the good of the workforce.
- Victoria Morrow recommended discussing whether the State Board should focus on workforce policy in general or more narrowly on workforce policy as it relates to federal funds.
- Patrick Ainsworth suggested looking at the recertification of boards and structural issues.
- Kenneth Burt emphasized the need to look at both the high and low ends of the economy, focusing on ways to help the economy grow and to ensure upward mobility opportunities for workers. He recommended providing job seekers with information on the skills and occupations likely to be in greatest demand in the future.
- Kathleen Milnes said industries and industry employees should be driving the workforce preparation effort.
- Senator Alarcon requested discussion on the idea of forming a cabinet-level labor department. He added that California has a dismal history of not taking care of its poor, so labor and employment concerns need to be given a higher priority.
- Kirk Lindsey recommended talking about ways to encourage private-sector involvement.
- Scott Hauge proposed discussing how the State Board works with local boards.
- Elizabeth Tyler raised the issue of the role of the State Board in certifying the composition of local boards.
- Jerry Butkiewicz suggested looking at ways to address shortages in certain industries.
- Rona Sherriff recommended that the State Board identify a few key priorities for the next few years. She was interested in discussing ideas for building on the state's existing investment in One-Stops.
- Kirsten Deichert proposed discussing ways of better integrating the numerous workforce preparation programs statewide. She recommended working to dismantle "silos" of funding.

- Pat Paul noted it might be helpful to establish some subcommittees to work on key issues.

Mr. Bowman encouraged Board members to call the staff with additional suggestions for retreat topics.

Consideration and Consensus Regarding the Annual Report to the Department of Labor

David Militzer noted the annual report provides three types of information: a report on expenditures in the last program year, performance results, and evaluation activities. He said California exceeded its goals in all performance measures dealing with employment, retention, and earnings; outcomes for youth credentials and high school diplomas are not accurate because these types of data were not collected as part of the earlier Job Training Partnership Act system. Mr. Militzer added that data for the first quarter of this year indicates much better performance in these areas.

Kirk Lindsey commented on the absence of proactivity in the report. He noted the document consists of a historic accounting of past activities. He suggested it might be better to make recommendations and take more initiative in future reports.

There was general consensus in favor of forwarding the report to Governor Davis with the recommendation that he sign and forward the document to the U.S. Department of Labor.

Adjournment

Mr. Gotlieb thanked Board members for their attendance and participation. He reminded Board members that the next meeting of the full Board is scheduled for February 10-11, 2002, in Palo Alto.

There being no further business, the meeting was adjourned.